

**RUBBEREX CORPORATION (M) BERHAD**

Incorporated in Malaysia  
(199601000297) (372642-U)

Condensed Consolidated Statements of Comprehensive Income for the financial period ended 31 December 2019

These figures have not been audited

	2019 Current Quarter ended 31 December RM'000	2019 Year-to-Date ended 31 December RM'000	2018 Current Quarter ended 31 December RM'000 (Restated)	2018 Year-to-Date ended 31 December RM'000 (Restated)
<b>CONTINUING OPERATIONS</b>				
Revenue	54,635	222,965	39,516	205,235
Cost of sales	(41,782)	(191,372)	(28,539)	(178,888)
<b>Gross profit</b>	<b>12,853</b>	<b>31,593</b>	<b>10,977</b>	<b>26,347</b>
Other gains and losses	(2,520)	(2,055)	(3,004)	(1,831)
Operating expenses	(3,306)	(11,906)	(3,271)	(11,588)
<b>Profit from operations</b>	<b>7,027</b>	<b>17,632</b>	<b>4,702</b>	<b>12,928</b>
Finance costs	(239)	(1,888)	(629)	(2,787)
<b>Profit before tax</b>	<b>6,788</b>	<b>15,744</b>	<b>4,073</b>	<b>10,141</b>
Income tax expense	(2,905)	(4,391)	(388)	(1,456)
<b>Profit for the period from continuing operations</b>	<b>3,883</b>	<b>11,353</b>	<b>3,685</b>	<b>8,685</b>
<b>DISCONTINUED OPERATIONS</b>				
Profit for the period from discontinued operations	1,396	15,156	(63,550)	(60,770)
<b>PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>	<b>5,279</b>	<b>26,509</b>	<b>(59,865)</b>	<b>(52,085)</b>
<b>Other comprehensive income, net of tax:</b>				
Foreign currency translation differences for foreign operations	(367)	(457)	1,204	(5,637)
<b>Total comprehensive income for the period attributable to Equity holders of the Company</b>	<b>4,912</b>	<b>26,052</b>	<b>(58,661)</b>	<b>(57,722)</b>
<b>Earnings per share:</b>				
From continuing and discontinued operations Basic (sen)	2.09	10.51	(23.74)	(20.65)
From continuing operations Basic (sen)	1.54	4.50	1.46	3.44

*The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying notes attached to the interim financial statements.*

**RUBBEREX CORPORATION (M) BERHAD**

Incorporated in Malaysia

(199601000297) (372642-U)

Condensed Consolidated Statements of Financial Position as at 31 December 2019

These figures have not been audited

	As at 31 December 2019 RM'000	Year ended 31 December 2018 RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	124,673	86,844
Prepaid lease payments	4,893	5,038
Deferred tax asset	570	1,748
Right-of-use assets - Leases	1,152	-
Goodwill	-	2,793
	<u>131,288</u>	<u>96,423</u>
<b>Current Assets</b>		
Inventories	44,331	56,266
Trade and other receivables	38,297	47,979
Cash and bank balances	56,130	23,866
	<u>138,758</u>	<u>128,111</u>
Assets held for sale	-	70,352
	<u>270,046</u>	<u>294,886</u>
<b>TOTAL ASSETS</b>	<b>270,046</b>	<b>294,886</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Issued capital	160,192	160,192
Treasury shares	(8)	(8)
Other reserves	6,524	35,085
Retained earnings	38,308	19,185
<b>TOTAL EQUITY</b>	<u>205,016</u>	<u>214,454</u>
<b>Non-current Liabilities</b>		
Borrowings	1,300	13,413
Lease liabilities	1,158	-
Deferred tax liabilities	-	-
	<u>2,458</u>	<u>13,413</u>
<b>Current Liabilities</b>		
Trade and other payables	51,856	36,027
Borrowings	10,716	30,992
	<u>62,572</u>	<u>67,019</u>
<b>TOTAL LIABILITIES</b>	65,030	80,432
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>270,046</u>	<u>294,886</u>
Net assets per share (RM)	0.81	0.85

*The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying notes attached to the interim financial statements.*

**RUBBEREX CORPORATION (M) BERHAD**

Incorporated in Malaysia

(199601000297) (372642-U)

Condensed Consolidated Statements of Changes in Equity for the financial period ended 31 December 2019

These figures have not been audited

	Attributable to Equity Holders of the Company					
	Share Capital RM'000	Treasury Shares RM'000	Non-distributable		Retained Earnings RM'000	Total Equity RM'000
			Capital Reserves RM'000	Translation Reserves RM'000		
<b>As at 01 January 2018</b>	160,192	(8)	(2,342)	43,064	75,683	276,589
Total comprehensive income for the period	-	-	-	-	(52,085)	(52,085)
Dividend paid	-	-	-	-	(4,413)	(4,413)
Effects of foreign exchange differences	-	-	-	(5,637)	-	(5,637)
<b>As at 31 December 2018</b>	<u>160,192</u>	<u>(8)</u>	<u>(2,342)</u>	<u>37,427</u>	<u>19,185</u>	<u>214,454</u>
<b>As at 01 January 2019</b>	160,192	(8)	(2,342)	37,427	19,185	214,454
Total comprehensive income for the period	-	-	-	(30,446)	26,509	(3,937)
Transferred to/from retained earnings	-	-	2,342	-	(2,342)	-
Dividend paid	-	-	-	-	(5,044)	(5,044)
Effects of foreign exchange differences	-	-	-	(457)	-	(457)
<b>As at 31 December 2019</b>	<u>160,192</u>	<u>(8)</u>	<u>-</u>	<u>6,524</u>	<u>38,308</u>	<u>205,016</u>

*The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying notes attached to the interim financial statements.*

**RUBBEREX CORPORATION (M) BERHAD**

Incorporated in Malaysia

(199601000297) (372642-U)

Condensed Consolidated Statements of Cashflows for the financial period ended 31 December 2019

These figures have not been audited

	2019 Year-to-Date ended 31 December RM'000	2018 Year-to-Date ended 31 December RM'000
Net cash generated from operating activities	113,556	44,022
Net cash generated used in investing activities	(43,285)	(18,770)
Net cash used in financing activities	<u>(39,322)</u>	<u>(27,561)</u>
Net increase/(decrease) in cash and cash equivalents	30,949	(2,309)
Effects of foreign exchange differences	(13)	(104)
Cash and cash equivalents at beginning of financial period	<u>23,707</u>	<u>26,120</u>
Cash and cash equivalents at end of financial period	<u><b>54,643</b></u>	<u><b>23,707</b></u>

Cash and cash equivalents at end of financial period comprise the following:

Cash and bank balances	56,130	23,866
Short term borrowings - bank overdrafts	<u>(1,487)</u>	<u>(159)</u>
	<u><b>54,643</b></u>	<u><b>23,707</b></u>

*The condensed consolidated statements of cashflows should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying notes attached to the interim financial statements.*



## NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2019

### A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (“FRS”) 134: INTERIM FINANCIAL REPORTING

#### 1. Basis of Preparation of the Financial Statements and Adoption of New and Revised Financial Reporting Standards (“FRSs”)

The interim financial report is unaudited and has been prepared in accordance with FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2018.

The accounting policies and methods of computation adopted for the interim financial statements were consistent with those adopted for the annual audited financial statements for the year ended 31 December 2018.

#### 2. Auditor’s Report on Preceding Annual Financial Statements

The auditor’s report on the financial statements of the Group and the Company for the previous year ended 31 December 2018 was not subject to any qualification.

#### 3. Seasonal or Cyclical Factors

The Group’s products are not materially impacted by any seasonal or cyclical factors.

#### 4. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting the Group’s assets, liabilities, equity, net income or cash flows in the financial statements ended 31 December 2019.

#### 5. Changes in Material Estimates

There were no changes in the nature and amount of estimates reported in prior financial years that have a material effect in the financial statements ended 31 December 2019.

#### 6. Changes in Debt and Equity Securities

##### 6.1 Share Buy-back

The Company did not carry out any Share Buy-back in the current quarter.

As at 31 December 2019, a total of 10,000 shares were held as Treasury Shares by the Company.

#### 7. Dividends Paid

The following dividends were paid:-

- (a) a second interim single-tiered dividend of 1.0 sen per share in respect of financial year 2018 was paid on 24 January 2019;
- (b) a first interim single-tiered dividend of 1.0 sen per share in respect of financial year 2019 was paid on 18 September 2019; and
- (c) a second interim single-tiered dividend of 1.0 sen per share in respect of financial year 2019 was paid on 20 January 2020.



## 8. Segmental Information

Segmental information is presented in accordance to the Group's business and geographical segments by location of assets, which is the primary reporting format.

<b>Continuing Operations</b>	Current Quarter ended 31 December 2019 RM'000	Cumulative year- to-date RM'000
<b>Segment Revenue:</b>		
Malaysia	48,436	220,109
Europe	23,255	85,985
	<hr/> 71,691	<hr/> 306,094
Group adjustments	(17,056)	(83,129)
Total	<hr/> <b>54,635</b>	<hr/> <b>222,965</b>
<b>Segment Results:</b>		
Malaysia	1,186	75,733
Europe	264	1,631
	<hr/> 1,450	<hr/> 77,364
Group adjustments	5,576	(59,732)
Total	<hr/> <b>7,026</b>	<hr/> <b>17,632</b>

## 9. Valuation of Property, Plant and Equipment

The Group did not carry out any revaluations on its property, plant and equipment during the current quarter ended 31 December 2019.

The values of property, plant and equipment have been brought forward without amendment from the previous annual financial statements ended 31 December 2018.

## 10. Subsequent Events

There were no material events subsequent to the end of the current quarter that have not been reflected in the financial period ended 31 December 2019.

## 11. Changes in the Composition of the Group

There were no changes to the composition of the Group since the last financial year ended 31 December 2018.

## 12. Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or assets since the last annual balance sheet date as at 31 December 2018.

## 13. Capital Commitments

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 December 2019 is as follows:

-	RM'000
Capital expenditure approved and contracted for	55,579



## **B. ADDITIONAL INFORMATION PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

### **1. Review of Performance**

Since 31 December 2018, the Group's financial results and review of performance have been reclassified for presentation purposes, where gains and losses attributable to the Group's China operations are disclosed separately as "Discontinued Operations". The Group's Continuing Operations are in Malaysia and Spain. Comparative figures of the previous financial year have also been restated accordingly.

Revenue of RM54.6 million was achieved in the current quarter ended 31 December 2019, an increase of 38.2% from RM39.5 million recorded in the corresponding quarter of the previous year, largely contributed by the nitrile disposable glove division. A higher pretax profit of RM6.8 million was also recorded in the current quarter, an improvement from RM4.1 million by comparison, mainly due to favourable glove selling prices and higher profit margins.

### **2. Material change in the profit before tax of the current quarter compared with preceding quarter**

Sales revenue for the fourth quarter of 2019 decreased by RM7.6 million, from RM62.2 million in the third quarter to RM54.6 million, a reduction of 12.2%, as a result of lower overall sales due to competition and uncertainties over consumer spending towards the year-end. However, the Group was able to sustain its profitability through improvements in production efficiencies, favourable foreign exchange rates and product mix, resulting in gains and higher pretax profit of RM6.8 million in the current quarter, an improvement from RM3.7 million in the preceding quarter.

### **3. Current Year Prospects**

The Group remains focused on its nitrile disposable glove division, which is currently operating at full capacity. The next phase of expansion is expected to come on-stream by early third quarter of the year, by which time the Group's annual installed capacity would have increased to 2.5 billion pieces.

Meanwhile, demand for the Group's general-purpose and industrial gloves are expected to remain stable in the current year; the Management is also mindful of competition and operational risks such as foreign exchange fluctuations, material and labour costs.

On the whole, the Management expects a better performance in financial year 2020, particularly with higher revenue and earnings contribution from the nitrile disposable glove division in the second half of the year when the new phase of expansion commences commercial production.

### **4. Profit Forecast or Profit Guarantee**

No profit forecast or profit guarantee has been issued for the current quarter.



## 5. Taxation

	Current quarter ended 31 December 2019 RM'000	Cumulative year- to-date RM'000
<b>Continuing Operations</b>		
Current year – Malaysian income tax	1,748	2,824
Current year – Foreign income tax	(43)	367
Provision for deferred tax	1,200	1,200
Total income tax expense	<b>2,905</b>	<b>4,391</b>

## 6. Sales of Unquoted Investments and/or Properties

There were no sales of unquoted investments and/or properties for the current quarter ended 31 December 2019.

## 7. Purchase/disposal of Quoted Securities

There were no purchase and/or disposal of quoted securities for the current quarter ended 31 December 2019.

## 8. Status of Corporate Proposals

As of 31 December 2019, the Group had fully utilized the net Placement proceeds of RM15.6 million raised from the issuance of new shares in June 2017 to part finance the expansion of the nitrile disposable glove plant in Ipoh, Perak.

The Group had also completed its disposal of equity interests in two of its Hong Kong subsidiary companies for a total consideration of HKD135.0 million during the current quarter; an announcement was duly made on Bursa Malaysia Securities Berhad on 26 August 2019.

There are no other corporate proposals not announced or outstanding as at 31 December 2019.

## 9. Group Borrowings and Debt Securities

	As at 31 December 2019		
	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term borrowings including trade financing	1,044	9,672	10,716
Term Loans	1,300	-	1,300
	<b>2,344</b>	<b>9,672</b>	<b>12,016</b>

## 10. Financial Instruments Risks

As at 31 December 2019, the Group has the following foreign currency contracts outstanding: -

Currency	Contracted Amounts '000	Ringgit Equivalent RM'000	Fair Values RM'000	Expiry Periods
U.S. Dollar (USD)	150	621	614	January 2020 - March 2020
Euro (EUR)	366	1,692	1,678	January 2020 - April 2020
		<b>2,313</b>	<b>2,292</b>	





The above foreign currency contracts were entered into with local licensed banks to hedge the Group's receivables and payables in foreign currencies. The contracted rates will be used to translate the underlying foreign currencies into Ringgit Malaysia.

These foreign currency contracts are of a short-term nature. The accounting policy adopted with regards to off balance sheet financial instruments was consistent with those applied in the last audited financial statements as at 31 December 2018.

#### 11. Changes in Material Litigation

There was no outstanding material litigation as at 31 December 2019.

#### 12. Dividend Payable

A second interim single-tiered dividend of 1.0 sen per share in respect of financial year 2019 was declared during the current quarter and paid on 20 January 2020.

#### 13. Earnings per Share ("EPS")

		Cumulative Year-to-Date ended 31 December 2019	Cumulative Year-to-Date ended 31 December 2018 (Restated)
<b>Continuing Operations</b>			
Profit for the period attributable to equity holders of the Company	RM'000	11,353	8,685
Weighted average number of ordinary shares in issue	Shares	252,195,617	229,195,617
<b>Basic EPS</b>	<b>sen</b>	<b>4.50</b>	<b>3.44</b>

#### 14. Authorisation for Issue

The interim financial statements and explanatory notes were authorised for issue by the Board of Directors on 26 February 2020.

Ipoh, Perak  
26 February 2020